

# THE U.S.-CHINA JOINT COMMISSION ON COMMERCE AND TRADE

by Cheryl McQueen

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**Commerce Secretary William M. Daley and Chinese Minister of Foreign Trade and Economic Cooperation Shi Guangsheng will co-chair the 13th session of the U.S.-China Joint Commission on Commerce and Trade (JCCT), April 6-7, 2000 in Beijing, China.** Since its beginning in 1983, the JCCT has been the most significant continuous means of commercial dialogue between the United States and China, and both sides consider this year's meeting to be the most important yet.

The JCCT, established shortly after China began its modernization campaign in the industrial sector in the early 1980s, was designed to tackle bilateral commercial concerns. Chaired on the U.S. side by the Secretary of Commerce, it includes strong interagency representation. The Ministry of Foreign Trade and Economic Cooperation (MOFTEC) chairs the JCCT on the Chinese side. In its 17-year history, the JCCT has elevated the level of bilateral trade dialogue and has contributed to developing closer trade relations between the U.S. and China. The JCCT stands today as the premier forum for U.S.-China high-level discussion and promotion of commercial relations.

Participants in this year's JCCT will seek ways that both sides can cooperate to help China transition to a rules-

based, transparent global trading system with equal protections for foreign and domestic traders and investors. They will also work to reach an agreement on a series of events designed to boost U.S. business' knowledge of opportunities to export to China.

Agreement in principle on these agenda items was reached during the JCCT sub-ministerial meeting co-chaired by Commerce Under Secretary for International Trade David L. Aaron and MOFTEC Vice Minister Sun Zhenyu on February 28, 2000 in Washington, DC.

## BUILDING ON A RICH TRADITION

Among the JCCT's many functions are resolving problems affecting day-to-day business of U.S. companies in China, conducting promotion events in industry sectors and undertaking joint studies in areas such as infrastructure development, finance and human resource development. The evolution of the JCCT agenda has mirrored the changes China underwent as it emerged from a planned economy to one that includes market mechanisms. Early JCCT meetings were heavily weighted towards seeking a common ground, but by the late 1980s, with trade rapidly expanding, the focus shifted to addressing specific difficulties faced by U.S. companies in China, such as inadequate intellectual property protection and lack of a transparent legal regime.



Secretary William Daley and Minister Shi Guangsheng at the JCCT meeting, December 1998, Washington, D.C.

Photo courtesy of USDOC

## INSTITUTIONAL INFRASTRUCTURE & FOCUS

In 1994 the late Secretary of Commerce Ronald H. Brown and former MOFTEC Minister Wu Yi established three working groups to broaden the scope of the JCCT. These groups have become the Commission's backbone.

■ Chaired on the U.S. side by Commerce Assistant Secretary for Market Access and Compliance Patrick A. Mulloy, the **Trade and Investment Working Group** covers issues related to market access, trade data, trade finance, business facilitation, standards, and testing and certification. Past accomplishments include: 1) stationing an Export Import Bank officer in Beijing to provide on-the-spot help to U.S. firms and to work with the State Development Planning Commission, China's premier project approval organization; 2) cooperation in the standards area to reduce China's redundant and opaque requirements applied to imported products; and 3) a thorough comparative joint study on the differences in U.S. and Chinese trade statistics.

■ The JCCT's **Business Development and Industrial Cooperation Working Group** is chaired on the U.S. side by Commerce Assistant Secretary for Trade Development Michael Copps. It has fostered several hundred exchanges in sectors of mutual interest, including information technologies, aviation and airport infrastructure, telecommunications, environmental technologies and healthcare. Sectoral activities typically support crosscutting commercial themes such as progress on IPR and project transparency.

■ Commercial law has been an important part of the JCCT from the beginning. Even prior to the establishment of a formal **Commercial Law Working Group**, chaired on

the U.S. side by Commerce General Counsel Andrew J. Pincus, the JCCT supported Chinese legal reforms through a series of seminars and exchanges. The formation of the Commercial Law Working Group provided the United States with an improved opportunity to focus on the development of China's legal regime.

China's directive on software piracy is a successful case in point. Despite improvements in Chinese enforcement efforts, pervasive piracy remains a problem for U.S. software companies. After the working group first addressed the problem in April 1999, China's State Council issued a decree ordering Chinese agencies to use only legitimate software. The Working Group will follow up on the implementation of the software decree as well as on a directive by the Supreme People's Court enforcing foreign arbitral awards.

■ While a formal working group was not created, a separate dialogue was established to foster cooperation on export controls. Commerce Assistant Secretary for Export Enforcement Amanda DeBusk and Assistant Secretary for Export Administration Roger Majak lead the discussion on the U.S. side. These discussions are a key part of the larger trade policy dialogue. As China takes steps to improve export controls, including enhanced cooperation on end-use visits, opportunities for U.S. companies increase significantly.

## ADVANCING U.S. INDUSTRY CONCERNS

Prior to each JCCT session, Commerce Department officials canvas U.S. industry to assess companies' most pressing concerns. These consultations have already been completed for the current session of the JCCT. U.S. firms, though, are still encouraged to contact working group coordinators to have their concerns reflected in forthcoming JCCT agendas [see sidebar for contact information.] ■

## JCCT CONTACTS

### TRADE AND INVESTMENT WORKING GROUP

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Issues: Market access, trade finance, trade data, business facilitation, standards, testing and certification.

### BUSINESS DEVELOPMENT WORKING GROUP

Coordinator: Tiffany Smith

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Subgroups: Information technologies, motor vehicles and allied products, aviation and airport infrastructure, chemicals and allied products, medical technologies, environmental technologies, telecommunications and pharmaceuticals.

### COMMERCIAL LAW WORKING GROUP

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### EXPORT CONTROLS DIALOGUE

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